

Message Text

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PAGE 01 STATE 012516
ORIGIN SS-25

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R 171925Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY MUSCAT
AMEMBASSY JIDDA
AMEMBASSY ABU DHABI
INFO AMEMBASSY LONDON
AMEMBASSY DOHA
AMEMBASSY TEHRAN

C O N F I D E N T I A L STATE 012516

STADIS////////////////////
EXDIS

E.O. 11652: GDS

TAGS: MASS, MU

SUBJECT: OMANI MILITARY REQUESTS

REF: MUSCAT 40

1. PENDING FURTHER GUIDANCE, AMBASSADOR WOLLE MAY ASSURE
OMANI GOVERNMENT THAT SULTAN'S SPECIFIC REQUESTS FOR C-130
AIRCRAFT, 175MM ARTILLERY, AND ADDITIONAL TOWS ARE UNDER
ACTIVE CONSIDERATION WITHIN USG.

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2. IN THE MEANTIME, WE WOULD WELCOME AMBASSADOR
WOLLE'S FURTHER VIEWS, AND COMMENTS FROM EMBASSIES JIDDA
AND ABU DHABI, ON THE QUESTION OF FINANCING ANY OMANI
MILITARY PURCHASES, PARTICULARLY THE TWO C-130 AIRCRAFT
WHICH, DEPENDING ON EXTENT OF SUPPORT COSTS, COULD FALL IN
THE DOLS 20-30 MILLION PRICE RANGE. WHILE WE ARE NOT
R'LING OUT AT THIS STAGE POSSIBILITY OF SOME

LIMITED FMS FINANCING SHOULD A DECISION BE MADE TO SELL THE C-130S, PROSPECTS FOR SUCH FINANCING ARE BLEAK. WHILE DEPARTMENT IS AWARE OF OMAN'S ECONOMIC AND DEBT SERVICE PROBLEMS, CONGRESSIONAL AND PUBLIC PERCEPTION IS THAT OMAN, AS AN OIL PRODUCER, IS NOT AN APPROPRIATE CANDIDATE FOR USG CONCESSIONARY FINANCING. THE FACT THAT OMAN RECEIVES SUBSTANTIAL AID FROM SAUDI ARABIA AND SOME OTHER

NEIGHBORS TENDS TO SUPPORT THE PERCEPTION THAT THEY, NOT USG, SHOULD AND WOULD FINANCE PURCHASES FOR WHICH GOVERNMENT OF OMAN CANNOT COMPLETELY HANDLE FINANCING ITSELF. GIVEN THESE ATTITUDES WE MUST ASSUME MAP GRANTS ARE NOT A POSSIBILITY AND FMS FINANCING IS HIGHLY UNLIKELY. THERE WOULD BE SERIOUS RESERVATIONS WITHIN THE EXECUTIVE ABOUT APPROACHING CONGRESS FOR FINANCING FOR FY-79 AND BEYOND FOR OMAN. WHILE THERE MIGHT BE LESS PROBLEM IN CONGRESSIONAL ACQUIESCENCE IN USE OF ANY YEAR-END FY-78 CREDITS FOR OMAN, AT THIS STAGE THERE IS SCANT PROBABILITY SUCH YEAR-END CREDITS WOULD BE AVAILABLE IN VIEW OF COMPETING DEMANDS. IN SUMMARY, USG CONCESSIONARY FINANCING FOR ANY OMANI ARMS PURCHASES IS AT BEST AN UNCERTAIN PROSPECT AND IN ANY EVENT WOULD BE TOKEN.

4. GIVEN THESE CONSIDERATIONS WE BELIEVE THAT ONLY REALISTIC FMS ARRANGEMENT WOULD BE A CASH SALE. IN VIEW OF THE FAIRLY LIMITED SCOPE OF ANY SALES TO WHICH WE MIGHT CONFIDENTIAL

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AGREE, WE QUESTION WHETHER OMAN WOULD NEED OUTSIDE HELP IN FINANCING, EXCEPT PERHAPS RELATIVELY SHORT-TERM COMMERCIAL BANK LOANS. IF OMAN FEELS, HOWEVER, IT CANNOT FINANCE SUCH PURCHASES ITSELF, THE REALISTIC ALTERNATIVE SOURCE OF FUNDS WOULD BE A WEALTHY NEIGHBOR. SHOULD OMAN DESIRE TO SEEK SAUDI FINANCING, OUR STRONG PREFERENCE WOULD BE DIRECT ARRANGEMENTS BETWEEN OMAN AND SAUDI ARABIA IN WHICH USG DEALT ON DIRECT CASH BASIS WITH OMAN AND HAD NO RESPONSIBILITY FOR OBTAINING PAYMENT FROM SAUDI ARABIA. PROBLEMS WE HAVE EXPERIENCED IN TRILATERAL ARRANGEMENTS INVOLVING BOTH JORDAN AND YAR SUGGEST THAT THIS IS THE MANNER IN WHICH WE SHOULD PROCEED IN THE FUTURE WHEN SAUDIS ARE PAYING FOR OTHER AREA STATES AND THIS IS THE WAY IN WHICH WE ARE NOW TRYING TO GO WITH BOTH SUDANESE AND BAHRAINI PURCHASES.

5. AS GENERAL POLICY MATTER, USG WOULD WELCOME SAUDI FINANCIAL SUPPORT FOR OMANI PURCHASE OF REASONABLE AMOUNTS OF APPROPRIATE MILITARY EQUIPMENT AS FURTHER MANIFESTATION OF CONSTRUCTIVE SAUDI ROLE IN COOPERATING WITH REGIONAL STATES IN COMMON SECURITY INTEREST. WE DO NOT FEEL, HOWEVER, THAT THIS ROLE SHOULD NECESSARILY BE EXCLUSIVELY

A SAUDI ONE. IN THIS CONCLUSION WE WONDER WHETHER THERE MAY BE BENEFITS IN OMANIS SEEKING UAE FINANCING. IT STRIKES US THAT IN LIGHT OF RECENT BOUNDARY ISSUES THERE MAY BE MERIT IN PRODUCING SOME EVIDENCE OF UAE-OMAN COOPERATION PARTICULARLY IN THE MILITARY FIELD TO ALLAY ANY SUSPICIONS THAT THE INTENTIONS OF THE TWO GOVERNMENTS TOWARD ONE ANOTHER ARE NOT FULLY COOPERATIVE.

6. WOULD APPRECIATE AMBASSADOR WOLLE'S ASSESSMENT,

WITHOUT ANY APPROACH TO OMANIS, OF LIKELIHOOD THAT SULTAN WOULD BE WILLING TO APPROACH EITHER SAUDI ARABIA OR UAE FOR FINANCING OF ANY PURCHASES OF US MILITARY EQUIPMENT WHICH OMAN COULD NOT FUND FROM ITS OWN RESOURCES. COMMENTS
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BY EMBASSIES ABU DHABI AND JIDDA, WITHOUT RAISING THIS QUESTION WITH HOST GOVERNMENTS, WOULD BE APPRECIATED.

7. MUSCAT FYI ONLY: WE AGREE WITH YOUR ASSESSMENT THAT 175 MM ARTILLERY IS MORE TROUBLING. ALTHOUGH THE SHAH IS PLEASED WITH HIS ARTILLERY, OUR OWN EXPERIENCE WITH

THE 175 HAVE NOT BEEN SO FELICITIOUS. 175S REQUIRE SKILLED TECHNICAL AND MAINTENANCE PERSONNEL AND FREQUENT TUBE CHANGES. FOR THESE REASONS U.S. FORCES ARE PHASING OUT 175S IN FAVOR OF OTHER MORE EASILY MAINTAINABLE ARTILLERY WEAPONS. EMBASSY SHOULD BE AWARE ALSO THAT USG HAS PREVIOUSLY DECLINED TO PROVIDE 175S TO KUWAIT. GIVEN THESE FACTORS IT IS A HIGHLY UNLIKELY WE WOULD SELL 175S TO OMAN AND WE HOPE YOU WILL DO WHAT YOU CAN TO STEER OMANIS AWAY FROM PURSUING THIS REQUEST. BEFORE THE TOW CAN BE FULLY CONSIDERED WE WOULD APPRECIATE YOUR ASSESSMENT OF THE PROBABLE NUMBERS INVOLVED AND JUSTIFICATION.
CHRISTOPHER

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